

Dear Investors,

Hope all is great at your end. Our performance for last month is as follows (Exhibit 1).

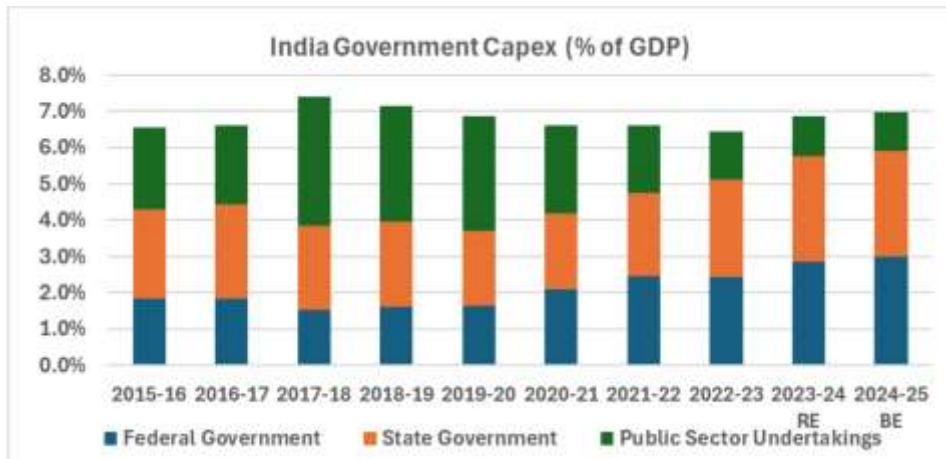
Exhibit 1: Performance as on 31-Mar-24

Investment Approach (Benchmark)	Inception Date	AUM (INR cr)	1M	3M	6M	Since Inception
Discretionary PMS						
Bespoke	13-Apr-23	34.29	0.08	-0.02	7.79	32.55
(S&P BSE 500 TRI)			0.86	4.49	17.4	36.55
(Nifty 50 TRI)			1.57	2.92	NA	26.78
Flexicap	11-Apr-23	63.56	0.66	1.95	10.33	27.79
(S&P BSE 500 TRI)			0.86	4.49	17.4	36.55
(Nifty 50 TRI)			1.57	2.92	NA	26.78
Small MidCap	11-Dec-23	73.21	-5.26	4.49	NA	1.75
(S&P BSE 500 TRI)			0.86	4.49	17.4	8.54
(Nifty 50 TRI)			1.57	2.92	NA	6.66
Non-Discretionary PMS						
ND PMS	11-Apr-23	2.18	-0.86	0.94	9.3	27.91
Advisory PMS						
Advisory PMS	NA	50.69	NA	NA	NA	NA
Total AUM		223.93				

India's growth: Clearly led by Manufacturing (which is at 16-year high)!!

- The earnings season for Q4 is about to start soon and we expect growth to be robust in sectors related to manufacturing, government capital expenditure.
- However, various corporate meetings and on-the-ground surveys done by various research houses indicate that consumption remains subdued in the economy.
- We have now entered the quarter of Indian elections. The activity is likely to be very high in this period and historically the spending by political parties and candidates does translate to money reaching the bottom of the pyramid.
- Overall, we expect the economy to remain buoyant and well supported because of government spending. **We continue to remain bullish on manufacturing and its proxies and have exposure to these sectors.**
- Some of the recent data released by various agencies that supports our above hypothesis is as follows:

Exhibit 2: India Government Capex

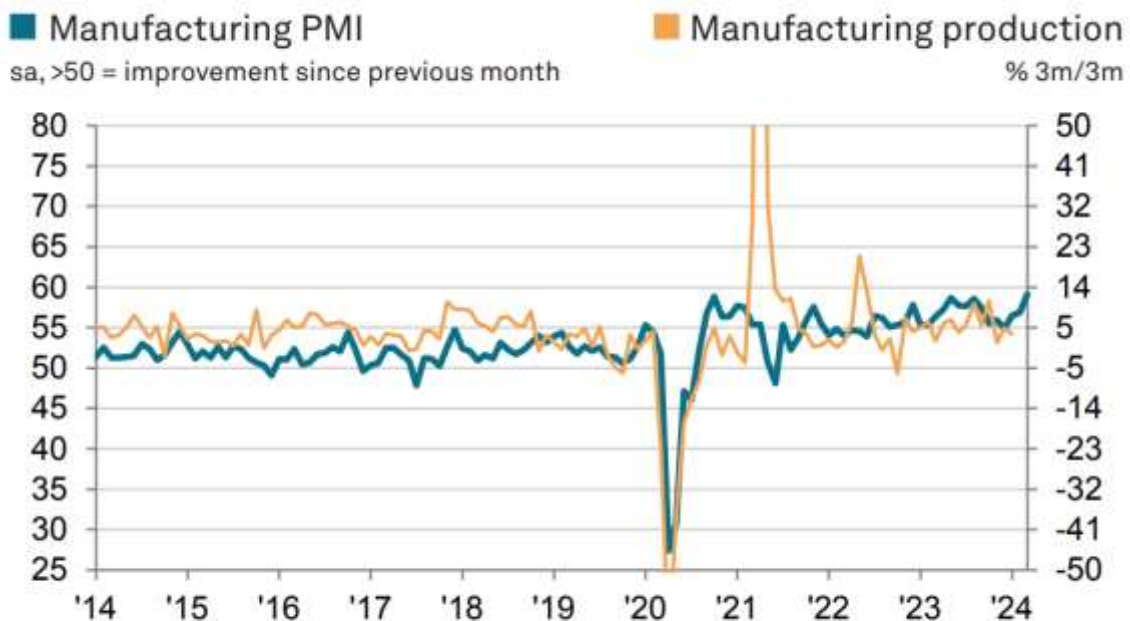


Source: Quantum Advisors, Indiabudget.nic.in; RE= Revised Estimates; BE= Budget Estimates; State government capex for 2023-24 and 2024-25 is assumed; adjusted for centre loan to states for capex

Manufacturing-led growth:

- It is noteworthy that manufacturing PMI rose to a 16-year high of 59.1 and manufacturing output rose for the 33rd consecutive month (Exhibit 3).

Exhibit 3: Manufacturing PMI at 16-year high



Sources: HSBC, S&P Global PMI, CSO via S&P Global Market Intelligence.

- The capacity utilization for sectors like autos, metals, cement and capital goods segment has been rising. On an aggregate level, capacity utilization rose in Q4 (Exhibit 4).

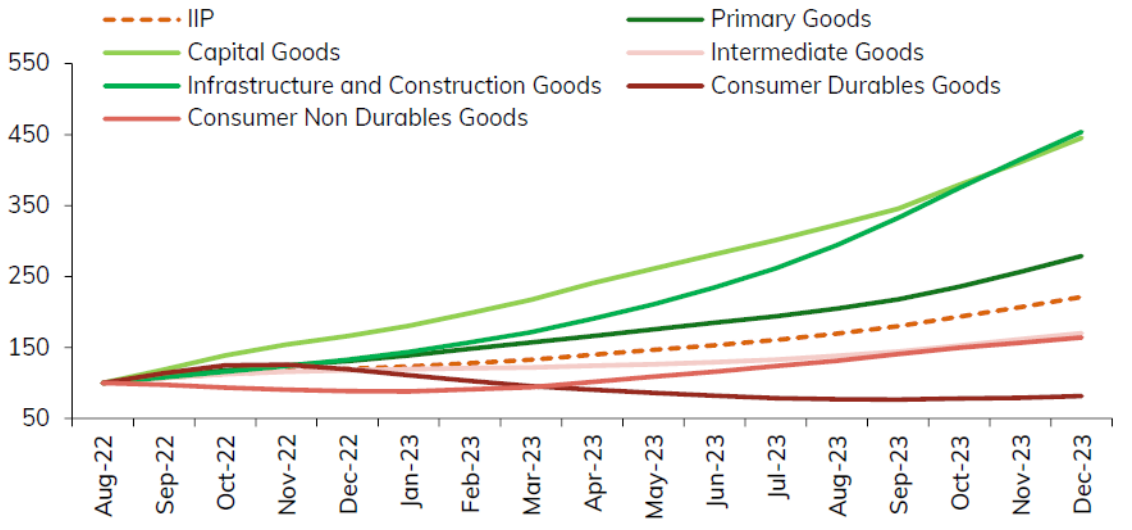
Exhibit 4: Headline capacity utilization rising in Q4



Source: CEIC, I-Sec research. Note: For March'23, we have considered flash PMI data.

- There is a divergence in growth trends: Sectors related to capex cycle are growing above-average, while related to consumption areas of economy are stagnant (Exhibit 5).

Exhibit 5: Sectors related to capex cycle are growing at above average growth



Source: CEIC, I-Sec research. Note: Base has been reset to 100

Global News/Geopolitics

- US Fed: The confusion around US rate cuts continues to prevail and remains a trillion-dollar question to my mind. Earlier in 2024, there were expectations that rate-cuts may start from April. However, that keeps getting postponed.
- The delay in rate cuts from the Fed is also leading to delay in rate cuts in the developing countries.
- The overall geopolitical situation with the standoff between Iran and Israel is also very important to watch. Any escalation or a directly military conflict between the two nations can be destabilizing for oil markets and also global equity markets.

Conclusion

- Just to conclude, we believe that the domestic economy seems to be doing fine, particularly the manufacturing sector. While consumption is slow, it may see a pick-up as election related spending percolates to the bottom of the pyramid.
- Return of the Modi-led BJP government by a comfortable majority remains fully priced in by the market. Any negative surprise on this front may lead to reasonable correction in the market.
- The key risks to markets emanate from US Fed as well as US elections. The expectation of Fed cutting rates in 2024 is also very high. In case there is any change of expectation on this count, we may see a sharp correction in global indices. Also, separately the US elections in November will be keenly watched because of potentially very bold statements around US-China/Russia situation by Donald Trump.
- We remain watchful of the above developments and continue to remain focused on investing in bottom-up fundamentally sound growth-oriented companies trading at reasonable valuations.

Will be happy to have a quick call with you to discuss your portfolio.

Warm regards,

Manish Gupta & entire MoneyGrow team

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